

# Your Exam Content Outline

The following outline describes the content of one of the Vermont insurance examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weight assigned to each section of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

All citations are Vermont Insurance Statutes Title 8, unless otherwise noted. When preceded by "Reg" refer to Vermont Department Regulations, when preceded by "Bul" refer to Vermont Department Bulletins.

## Vermont Producer's Examination for Accident, Health and HMO Series 14-27

**100 questions (plus 5 unscored items)**  
**2-hour time limit**  
**Effective November 3, 2019**

### 1.0 Insurance Regulation 5% (5 Items)

#### 1.1 Licensing

- Process (4800; 4813f)
- Types of licensees (4791)
  - Resident (4800(3)(A))
  - Nonresident (4800(3)(B); 4813h)
- Maintenance and duration
  - Renewal and expiration (4798)
  - Address change (4800(3)(F))
  - Assumed business name (4813j)
  - Reporting of actions (4813o)
  - Continuing education requirements (4800a; Reg 2000-2 Sec 4)
- Disciplinary actions
  - Denial of license (4800(3)(E))
  - Cease and desist order (3661)
  - Suspension, revocation or nonrenewal (4804; 4806)
  - Penalties (3661(a)(2); 4804(d))

#### 1.2 State regulation

- Commissioner's general duties and powers (4726; 4804)
- Company regulation
  - Certificate of authority (3368)
  - Unfair claim settlement practices (4724(9); Reg 79-2 Sec 1-7)
  - Policy forms (3541)
  - Examination of records (3565)
  - Producer appointment (4798(d); 4813l)
  - Termination of appointment (4798(d); 4813m)
- Producer regulation
  - Acting without a license (4793; 4813c)
  - Shared commissions (4796)

- Trust accounts — anti-commingling (Reg 95-1; 4724(12))
- Controlled business (4795)
- Duties (4813c)
- Unfair trade practices (4724)
  - Misrepresentation (4724(1, 11, 13))
  - False advertising (4724(2))
  - Defamation (4724(3))
  - Boycott, coercion and intimidation (4724(4))
  - False financial statements and entries (4724(5))
  - Illegal inducement (4724(6))
  - Unfair discrimination (4724(7))
  - Rebating (4724(8))
  - Failure to maintain complaint record (4724(10))
  - Failure to act as fiduciary (4724(12); Reg 95-1)
  - Unsuitability (4724(16))
  - Nondisclosure of fees or charges (4724(14))
  - Consumer privacy regulation (IH-2001-01)
  - Vermont Fair Credit Reporting Act 9 V.S.A. 2480 a-n

#### 1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681-1681d)
- Fraud and false statements (18 USC 1033, 1034)

### 2.0 General Insurance 5% (5 Items)

#### 2.1 Concepts

- Risk management key terms
  - Risk
  - Exposure
  - Hazard
  - Peril
  - Loss
- Methods of handling risk
  - Avoidance
  - Retention
  - Sharing
  - Reduction
  - Transfer
- Elements of insurable risks
  - Adverse selection
  - Law of large numbers
  - Reinsurance

#### 2.2 Insurers

- Types of insurers
  - Captive insurers

- Stock companies
- Mutual companies
- Fraternal benefit societies
- Lloyd's associations
- Risk retention groups
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

**2.3 Producers and general rules of agency**

- Insurer as principal
- Producer/insurer relationship
- Authority and powers of producers
  - Express
  - Implied
  - Apparent

**2.4 Contracts**

- Elements of a legal contract
  - Offer and acceptance
  - Consideration
  - Competent parties
  - Legal purpose
- Distinct characteristics of an insurance contract
  - Contract of adhesion
  - Aleatory contract
  - Personal contract
  - Unilateral contract
- Legal interpretations affecting contracts
  - Ambiguities in a contract of adhesion
  - Reasonable expectations
  - Indemnity
  - Utmost good faith
  - Representations/misrepresentations
  - Warranties
  - Concealment
  - Fraud
  - Waiver and estoppel

- Required notice to insured Reg. 80-1, Sec. 8; 8 V.S.A. Sec. 4063; 8 V.S.A. Sec. 4902

- Types of limited policies

- Accident-only Reg. 80-1, Sec. 7(G)
- Specified (dread) disease Reg. 80-1, Sec. 7(H)
- Hospital indemnity Reg. 80-1, Sec. 7(D)
- Blanket insurance (student accident, passengers, others) 8 V.S.A. Sec. 4081
- Prescription drugs 8 V.S.A. Sec. 4089(j) & 4089(i)
- Vision care/hearing care
- Suitability 8 V.S.A. Sec. 4724(16); 8 V.S.A. Sec. 4062

**3.5 Common exclusions from coverage** (Pre-existing cond. Reg. 80-1, Sec. 6(C))

**3.6 Producer responsibilities in individual health insurance**

- Marketing requirements
  - Advertising (Reg 71-1)
  - Sales presentations
  - Outline of coverage Reg 80-1 Sec 8(B))
- Field underwriting
  - Nature and purpose
  - Privacy, Protected Health Information (ERISA)
  - Application procedures Reg. 80-1, Sec. 9
  - Requirements at delivery of policy
- Common situations for errors/omissions
- Life and Health Insurance Guaranty Association Title 8, Ch. 112

**3.7 Individual underwriting by the insurer**

- Underwriting criteria
- Sources of underwriting information
  - Application
  - Producer report
  - Attending physician statement
  - Investigative consumer (inspection) report Title 9 Sec. 2480a (5)
  - Medical Information Bureau (MIB)
  - Medical examinations and lab tests including HIV (4724(20))

- Unfair discrimination 8 V.S.A. Sec. 4724(7)
- Genetic testing Title 18 Sec. 9331–9335; 8 V.S.A. Sec. 4724(22)

**3.8 Considerations in replacing health insurance**

- Reg. 80-1, Sec. 9, replacement
- Pre-existing conditions
- Pre-existing condition exclusion regulation Reg 80-1 Sec 5(F), 6(E)), 6(C)
- Benefits, limitation and exclusions Reg. 80-1, Sec. 6
- Underwriting requirements

**3.0 Health Insurance Basics 11% (3 Items)**

**3.1 Definitions of perils**

- Accidental injury Reg. 80-1, Sec. 5(D)
- Sickness Reg. 80-1, Sec. 5(E)

**3.2 Principal types of losses and benefits**

- Loss of income from disability Reg. 80-1, Sec. 5(I), (J), (K)
- Medical expense Reg. 80-1, Sec. 5; Reg. H-2009-03, Sec. 1.4
- Dental expense
- Long-term care expense Reg. H-2009-1

**3.3 Classes of health insurance policies**

- Individual versus group
- Private versus government
- Limited versus comprehensive Reg. 80-1, Sec. 7(E); Reg. H-2009-03
- Self-Funded Plans (ERISA)

**3.4 Limited policies**

- Limited perils and amounts

**4.0 Health Insurance Policy General Provisions (Non-group and Group) 11% (11 Items)**

**4.1 Uniform required provisions**

- Entire contract; changes (4065(1), 4080(1))
- Certificate of insurance (4080(2))
- Time limit on certain defenses (4065(2))
- Grace period (4065(3))

- New employees (4080(3))
- Part-time employees (4080(5))
- Reinstatement (4065(4))
- Claim procedures (4065(5-9); Reg 93-4)
- Physical examinations and autopsy (4065(10))
- Legal actions (4065(11))
- Change of beneficiary (4065(12))

**4.2 Optional provisions (4066)**

- Change of occupation (4066(1))
- Misstatement of age (4066(2))
- Other insurance in this insurer (4066(3))
- Insurance with other insurers
  - Expense-incurred basis (4066(4))
  - Other benefits (4066(5))
- Unpaid premium (4066(7))
- Cancellation Reg 91-4B Sec 3(10))
- Conformity with state statutes (4066(9))
- Illegal occupation (4066(10))

**4.3 Other general provisions**

- Right to examine (free look) (4063(8))
- Mental health parity 8 V.S.A. 4089b
- Insuring clause
- Consideration clause
- Renewability clause Reg. 80-1, Sec. 7(A)(1), (2) and (15)(f)
  - Noncancelable
  - Guaranteed renewable
  - Conditionally renewable
  - Renewable at option of insurer
  - Nonrenewable (cancelable, term)
- Reduction in coverage

**5.0 Disability Income and Related Insurance (Reg. 80-1, Sec. 7(F)) 10% (10 Items)**

**5.1 Qualifying for disability benefits**

- Inability to perform duties Reg. 80-1, Sec. 5(I), (J), and (K)
  - Own occupation
  - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

**5.2 Individual disability income insurance**

- Basic total disability plan
  - Income benefits (monthly indemnity)
  - Elimination and benefit periods
  - Waiver of premium feature
- Coordination with social insurance and workers compensation benefits
  - Additional monthly benefit (AMB)
  - Social insurance supplement (SIS)
  - Occupational versus nonoccupational coverage
- At-work benefits
  - Partial disability benefit
  - Residual disability benefit
- Other provisions affecting income benefits
  - Cost of living adjustment (COLA) rider
  - Future increase option (FIO) rider
  - Relation of earnings to insurance (4066(6))

- Other cash benefits
  - Accidental death and dismemberment Reg. 80-1, Sec. 7(G)
  - Rehabilitation benefit
  - Medical reimbursement benefit (nondisabling injury) (Subject to applicable health & sickness rule)

- Exclusions (Bul HCA 127)

**5.3 Unique aspects of individual disability underwriting**

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

**5.4 Group disability income insurance**

- Group versus individual plans

**5.5 Social Security disability**

- Qualification for disability benefits
- Definition of disability
- Waiting period
- Disability income benefits

**5.6 Workers compensation**

- Eligibility
- Benefits

**6.0 Medical Plans 18% (18 Items)**

**6.1 Patient Protection and Affordable Care Act (PPACA, or ACA)**

- Vermont Health Connect (VHC) (V.S.A. Title 33, Ch. 18)
- Eligibility
  - Income levels
  - Private insurance products through VHC
  - Person ineligible

- Premium subsidies
- Pre-existing condition exclusions
- Ten Essential Health Benefits (EHB)
- Lifetime and annual limits
- Preventive benefits
- Individual and small group major med market
- Large group market
- Off-exchange
- Dental Insurance

- Availability of coverage
  - Individual and employer-sponsored group plans
  - Provider network
  - Stand-alone dental plans (SADPs)
  - Pediatric dental coverage under the ACA
  - Waiting periods

**6.2 Medical plan concepts**

- Fee-for-service basis versus prepaid basis
- Specified coverages versus comprehensive care
- Benefit schedule versus usual/reasonable/customary charges
- Managed care versus non-managed care (Reg. H-2009-03)
- Expense based versus indemnity based

**6.3 Types of providers and plans**

- Major medical insurance

- Characteristics
- Common limitations
- Exclusions from coverage
- Provisions affecting cost to insured
- Major-med coverage in VT (Reg. H-2009-03)
- Health maintenance organizations (HMOs)
- Preferred provider organizations (PPOs)
  - General characteristics
  - Open or closed network
  - Types of parties to the provider contract
- Exclusive provider organizations (EPOs)
  - General characteristics
  - Open or closed network
- Point-of-service (POS) plans
  - Nature and purpose
  - Non-network provider access (open-ended HMO)
  - PCP referral (gatekeeper PPO)
  - Indemnity plan features

- 6.4 Utilization management (H-2009-03)**
  - Prior approval H-2009-03, Sec. 3.1
  - Appeal/Grievance procedures H-2009-03, Sec. 3.3

**6.5 Vermont eligibility requirements (non-group and/or group)**

- Child age limit, whether or not dependent
- Adopted child coverage (4100c)
- Disabled child coverage 8 V.S.A. Sec. 4089d)
- Newborn child coverage (4092)
- Civil unions (Title 15 Sec 1201, 4063a, Reg IH-2001, Bul. 128)
- Same-sex marriage 15 V.S.A. Sec. 8; 18 V.S.A. Sec. 5131(a)(2)

**6.6 HIPAA (Health Insurance Portability and Accountability Act) requirements**

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability
- Protected Health Information (PHI)

**6.7 Medical Savings Accounts (MSAs), Health Savings Accounts (HSAs) and High Deductible Health Plans (HDHPs)**

- Definition
- Eligibility
- Contribution limits

**7.0 Health Maintenance Organizations (HMOs) 8% (8 Items)**

**7.1 General characteristics**

- Combined health care delivery and financing
- In network versus out of network
  - Limited service area
  - Limited choice of providers
- Gatekeeper concept
- Copayments
- Prepaid basis

**7.2 HMO Services**

- Preventive care services

- Well-child care
- Immunizations
- Routine physical examinations
- Wellness programs
- Physician services
  - Primary care physician (PCP)
  - Referral (specialty) physician
- Emergency care
  - Urgent care center
  - Hospital emergency room
- Hospital services
- Skilled nursing facility services
- Home health care (4096)
- Family planning services
- Mental health/substance abuse benefits
- Prescription drugs
- Additional plans and services
  - Dental services (PPACA requires pediatric dental coverage only)
  - Vision care/hearing care (PPACA requires pediatric vision coverage only)

**8.0 Group Health Insurance 10% (10 Items)**

**8.1 Characteristics of group insurance**

- Group contract 8 V.S.A. Sec. 4080
- Certificate of coverage 8 V.S.A. Sec. 4080
- Experience rating versus community rating

**8.2 Types of eligible groups 8 V.S.A. Sec. 4079**

- Employment-related groups
  - Individual employer groups
  - Multiple-Employer Trusts (METs)
- Exempt associations (alumni, professional, other) Trusts (unions, employers)

**8.3 Marketing considerations**

- Advertising (Reg. 71-1)
- Regulatory jurisdiction/place of delivery

**8.4 Employer group health insurance**

- Vermont underwriting requirements (4079)
- Insurer underwriting criteria
  - Characteristics of group
  - Plan design factors
  - Persistency factors
  - Administrative capability
- Eligibility for coverage
  - Open enrollment
  - Employee eligibility (4080(5))
  - Dependent eligibility

- Coordination of benefits provision
- Change of insurance companies or loss of coverage
  - Events that terminate coverage
  - Extension of benefits (4091e)

**8.5 Small employer group medical plans**

- Definition of small employer 1811(a)(3)(B)
- Availability of coverage 1811(a)(3)(B)

**9.0 Insurance for Senior Citizens and Special Needs Individuals 13% (13 Items)**

**9.1 Medicare**

- Nature, financing and administration
- Part A — Hospital Insurance
  - Individual eligibility requirements
  - Enrollment
  - Coverages and cost-sharing amounts
- Part B — Medical Insurance
  - Individual eligibility requirements
  - Enrollment
  - Coverages and cost-sharing amounts
  - Exclusions
  - Claims terminology and other key terms
- Part C — Medicare Advantage
- Part D — Prescription Drug Insurance

**9.2 Medicare supplements** (Reg H-2009-04 Sec 1-25)

- Purpose (Reg H-2009-04 Sec 1)
- Open enrollment (Reg H-2009-04 Sec 11)
- Standardized Medicare supplement plans (Reg H-2009-04 Sec 8, 9)
  - Core benefits (Reg H-2009-04 Sec 8(B))
  - Additional benefits (Reg H-2009-04 Sec 8(C))
- Vermont regulations and required provisions
  - Standards for marketing (Reg H-2009-04 Sec 20)
  - Advertising (Reg H-2009-04 Sec 19)
  - Appropriateness of recommended purchase (Reg H-2009-04 Sec 21)
  - Buyer's guide (Reg H-2009-04 Sec 17(A)(6))
  - Outline of coverage (Reg H-2009-04 Sec 17(D))
  - Right to return (Reg H-2009-04 Sec 17(A)(5))
  - Pre-existing conditions (Reg H-2009-04 Sec 8(A)(1), Sec 8.1(A)(1))
  - Duplication of Medicare benefits (Reg H-2009-04 Sec 21(B))
  - Replacement (Reg H-2009-04 Sec 18, 23)
  - Required disclosure provisions (Reg H-2009-04 Sec 17)
  - Permitted compensation arrangements (Reg H-2009-04 Sec 16)
  - Renewability and cancellation (Reg H-2009-04 Sec 8(A)(5), Sec 8.1(A)(5))
  - Continuation and conversion requirements (Reg H-2009-04 Sec 8(A)(5), Sec 8.1(A)(5))
  - Notice requirements (Reg H-2009-04 Sec 17(B))
- Medicare Select (Reg H-2009-04 Sec 10)

**9.3 Other options for individuals with Medicare**

- Employer group health plans
  - Disabled employees
  - Employees with kidney failure
  - Individuals age 65 and older

- Medicaid
  - Eligibility
  - Benefits

**9.4 LTC, Medicare and Medicaid compared**

- Individual vs. Group
  - Continuation and Conversion (Reg. H-2009-01, Section 6(D))
- Eligibility for Benefits

- Elimination Period (Reg. H-2009-I, Section 6(I))
- Activities of Daily Living (Reg. H-2009-1, Section 29)
- Cognitive Impairment (Reg. H-2009-I, Section 29)
- Coverage of Mental Health Conditions (Reg. H-2009-I, Section 6(J)(3))
- Appeal of Benefit Determinations (Reg. H-2009-I, Section 31)
  - Internal Appeal (Reg. H-2009-I, Section 31 (A)-(C))
  - Independent Review (Reg. H-2009-I, Section 31 (D)-(E))
- Level of Benefits (Reg. H-2009-1, Section 6(H)(4)-(5))
  - Home Health Care
  - Personal Care
  - Adult Day Care
  - Nursing Facility
  - Hospice Care
- Required Benefit Configurations (Reg. H-2009-1, Section 6 (K))
- Qualified Long Term Care Plans (Regulation H-2009-1, Section 30)
- Underwriting Considerations
  - Suitability (Regulation H-2009-1, Section 29)
  - Replacement (Reg. H-2009-1, Section 14)
- Vermont regulations and required provisions
  - Standards for Marketing (Reg. H-2009-1, Sections 9, 23)
  - Buyer's Guide (8 V.S.A. Section 8098, Reg. H-2009-1, Section 23)
  - Outline of Coverage (8 V.S.A. Section 87090, Reg. H-2009-1, Section 32)
  - Right to Return (free look) (8 V.S.A. Section 8089, Reg. H-2009-1, Section 6 (L))
  - Replacement (Reg. H-2009-1, Section 14)
  - Benefit Standards (8 V.S.A. Section 8085)
  - Prohibited Policy Provisions (8 V.S.A. Sections 8086, 8087; Reg. H-2009-1, Sections 6, 25)
  - Renewal Considerations (Reg. H-2009-1, Sections 7(B) and 8(B))
  - Inflation Protection (Reg. H-2009-1, Section 13)
  - Pre-existing Conditions (8 V.S.A. Section 8086, Reg. H-2009-1, Section 25)
  - Non-forfeiture requirements (8 V.S.A. Section 8095, Reg. H-2009-1, Section 28)

**10.0 Federal Tax Considerations for Health Insurance 9% (9 Items)**

**10.1 Personally-owned health insurance**

- Disability income insurance
- Medical expense insurance
- Long-term care insurance

**10.2 Employer group health insurance**

- Disability income (STD, LTD)
- Medical and dental expense

Long-term care insurance

Accidental death and dismemberment

**10.3 Medical expense coverage for sole proprietors  
and partners**

**10.4 Medical savings accounts (MSAs)**